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JUL 10 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

July 10, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

RE: In the Matter of Federal-State Joint Board on Universal Service - CC Docket No. 96-45

Dear Mr. Caton,

Yesterday, representatives of Sprint met with Mr. Ken Moran of the Common Carrier Bureau's Accounting and Audits Division to discuss the Benchmark Cost Proxy Model (BCPM) in the above proceeding. Representing Sprint were Mr. Mark Askins and the undersigned.

The attached information was used during the meeting and consists of planned enhancements to the BCPM which is sponsored by Sprint and U S WEST. Sprint and U S WEST request that this information be made a part of the record in this matter. Two copies of this letter, in accordance with Section 1.1206(a)(1), is provided for this purpose. The meeting concluded near 5:00 p.m. on July 9, therefore this notice is provided today. If there are any questions, please feel free to call.

Sincerely,

Warren D. Hannah

Attachment

c: Attendees
E. Hofnar, B. Loube, Universal Service Branch, FCC

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List A B C D E

BCPM ENHANCEMENTS

BCPM Joint Sponsors

July 1997

BCPM Enhancements

- planned improvements to the BCPM 1.1
  - incorporation of unbundled element cost support
  - use of a new geographic unit: a dynamic grid
  - improved feeder engineering
  - improved documentation
  - new user interface and reporting modules
  - incorporation of other fixes to address other FCC and Joint Board concerns

Incorporation of Unbundled Elements

- the current BCPM models only USF costs
  - of course, with company-specific inputs, can model unbundled loops
- the new BCPM will improve USF costing and address unbundled element costing
- this will be accomplished by creating new algorithm modules for
  - transport and signaling

Improvement to USF Costing

- enhanced algorithms developed for:
  - loop, switching
  - expense, capital costs

Transport Module

- will dynamically build interoffice rings
  - incorporates current host - remote relationships
  - incorporates current tandem placements
  - utilizes two-ring topology
  - accounts for company ownership
- rings can change based upon user input

Loop Module

- based on current BCPM, but new rural clustering algorithm developed
  - improved wire center boundaries developed from new mapping vendor source
  - input based on census blocks, not CBGs
- improvements will be made to account for
  - the new geographic unit - the dynamic grid
  - improved feeder engineering

New Geographic Unit - Dynamic Grid

- addresses the recognized deficiency of the CBG as a engineering unit in rural areas
- grid will vary in size to mimic a distribution area
  - in town, grid can be as small as 2,000 ft x 2,000 ft
  - in rural area, grid can increase in size up to a maximum of ~16,000 ft x 16,000 ft
  - distribution routine will recognize roads and population within the quadrants of each grid

Improved Feeder Engineering

- main feeder will be "aimed" at the population clusters.
- sub-feeder will be shared and tapered

Switch Module

- based on SCIS data
- will account for varying switch sizes
  - » produces either switch-specific or study area costs
  - » permits company-specific vendor discounts
- supports either USF or UNEs
  - » for USF it identifies fixed and variable by location
  - » for UNEs it develops cost primitives
    - flat rated line port
    - usage-based shared switch and trunk investment
    - usage-based tandem switching
    - features

Expense Module

- will apply expenses on either a per line or per investment basis (user option)
- support of expenses for both UNE and USF
- will transform book expense to forward-looking expense by including:
  - productivity adjustment
  - inflation adjustment
  - any other adjustments

Improved Documentation

- documentation will be improved and expanded
  - methodology section will be expanded for new modules
  - user manual will be improved for usability
  - a systems manual will be provided to improve the reviewer's understanding of the model

"Fusing" of Modules

- all modules will be fused at the level of the report generator
- other aspects
  - a new user interface
  - an improved user input layer
  - an improved reporting layer
    - » current BCPM capabilities
    - » UNE and USF reports
    - » new report formats

Other Improvements

- modeling will incorporate all lines
- capability to match line counts at wire center level
- capability to match loop lengths at wire center level
- new output reports will enable multiple benchmark scenarios